

# **EXHIBIT 2**

**GRACE****Grace Specialty Vermiculite**

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\*\*\* Sent Via FAX – Original Mailed \*\*\*

To: Mr. Frank Buonaiuto (Neutocrete) 203-740-8844  
Mr. Anthony Buonaiuto  
From: Eric Moeller  
Re: Grace PreMix Proposal

Thank you for meeting with me last Friday. I really enjoyed the meeting, and I am quite excited about the opportunities that you have created with Neutocrete. This will summarize our meeting comments:

- 1) Patented use of light weight concrete for emplacement in crawlspaces under homes (as a retrofit) to reduce moisture, molds, and pests.
- 2) Current usage rate is about 500+ bags per week of ThermoRock premixed (1:5.2 volume ratio mix) vermiculite, packaged in a 3 cu ft (50 lb) paper bag, no additives, yields about 6-8 square feet per bag (120 to 150 bags per 1000 sq feet) at thickness of 3". Current pricing from ThermoRock is \$4.70/bag SWAP plus freight, plus additives which must be purchased and added separately.
- 3) Currently running one crew, booked through July, adding second crew which will increase usage to 1000+ bags per week.
- 4) Current problems noted: cracking and settling of finished concrete, some inconsistency (soft spots) in finished concrete, debris causing pump jams and increased labor costs.
- 5) Currently using a Moyno modified pump with 1 1/2" out line. May not be optimum for pumping distances of 100-150 ft.
- 6) Longer term, Neutocrete desires to have private label bags of premixed material, and a long term supply agreement. Their ultimate goal is to license/franchise other installers for this application, collecting royalties and supplying pumps and premixed product.

Grace can provide you with both technical service as well as a product that will be superior to the premix that you are using now. I would propose the following:

- 1) Purchase a trial truckload of Grace's ProBase® premixed product (designed for the pool industry, but would work very well in this application). The mix ratio on this product is 1:4, and the product has all of the additives required (Do Not add any additional additives). Packaging is in 42 lb paper/poly bags, 60 bags per pallet, 1020 bags per truckload.

- 2) The yield on Grace ProBase® will be 5-6 square feet per bag (about 160 – 200 bags per 1000 square feet of coverage). This is slightly less than you are getting now, but the bag is much smaller (only 1.5 cu ft vs. 3 cu ft for the ThermoRock product). The key to using this product is NOT to overmix it.
- 3) Grace has capacity at its Enoree, SC facility to easily handle 100,000 bags per year (2+ truckloads per week).
- 4) I am getting the costs and specifications for a private label bag. As I mentioned, Grace can pass along some of the economies of scale that we have with Union Camp, our bag manufacturer. I will pass these along once I get them.
- 5) Longer term, once you have had a chance to test Grace's ProBase, I would like your feedback on whether or not we could change the formulations to reduce costs (perhaps less cement, larger bag (50 lbs vs 42), fewer/more additives depending on installed feedback). Once this information is in we could look at reformulating the product to be optimum for your application. There is no sense in trying different things now, until we know that you are happy with the ProBase® product.
- 6) Once a final formula is set, I can quote toll manufacturing the product for you in private label bags.
- 7) The pump manufacturer that produces the light weight concrete pumps (Moyno based) is Strong Manufacturing, Pine Bluff, AR (Mr. Robert Rowland, 800-238-5042). Normally on the larger mixers a 3" line is used, with a 2" line on the smaller models. You can probably use the 1 1/2" line without degrading the product if your pump rates are slow (which I would imagine that they are considering where the material is going).
- 8) Finally, I am exploring a third alternative (vs. using ProBase® or having Grace produce a special premixed private label product), and that is to team with a local ready mix or concrete company in your area to produce the bagged material for you. Grace can provide the vermiculite and additive package and ship that material in rail cars or bulk trucks (thus eliminating the packaging costs altogether) to the ready-mix folks. They in turn could mix this with cement and package it out for you in bags of your choosing. This reduces the costs of shipping cement across the country, and may be the lowest cost solution for you. Grace has extensive contacts in the cement and ready-mix industry and I will advise you once I have located a company that would be suitable in your area.
- 9) I have submitted the your Confidentiality Agreement to Grace's attorney's in Cambridge. I will advise when I have a response back from them.

As to pricing for Grace's ProBase® I am not able to discount that product. The reason is that the additive package that Grace uses is expensive, and the price of cement is high (about \$6.00/bag in truckload quantities). The price is as I had previously quoted you (i.e. \$5.65/bag SWAP, fob, Enoree, SC, current freight rates to your location are \$1126.50, which Grace can prepay and add as a service to you). Your material costs would be slightly higher, but your installed costs may be the same or lower because of the following:

- 1) Grace ProBase® will be more consistent in mixing and finished trowling
- 2) Grace ProBase® does NOT require any additional additives
- 3) Grace ProBase® will not have the rocks and strings that are now causing pump failures and downtime. This should reduce labor installation costs and pump maintenance costs.

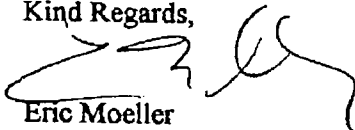
- 4) Grace ProBase® is produced using domestically produced #3 Zonolite vermiculite produced from Grace's mines in South Carolina. The slightly larger particle size will produce even mixes, and extend yields; although to be honest I believe in the long run that the #4 product may work just as well in your application.

You can call Robert Sullivan at 800-342-2017 to place your truckload order. Your account is already set up with Grace, as you know.

I believe that you have an exciting product in an untapped market. Grace Specialty Vermiculite is looking forward to helping you grow it to its full potential. The sales representative for your account is: Mr. Brian Colbert, W.R. Grace & Co., 294 Clements Road W., Ajax, Ontario Canada L1S 3C6 (telephone: 800-263-7500 (x267) or 905-791-2715 (phone and FAX)). I will continue to work with you to make sure that you have the exact product that will provide you with optimum product performance at minimum price, but please feel free to contact Brian should you have any questions or need any assistance if I am unavailable.

Thank you for this opportunity. I will call you tomorrow afternoon to further our discussions.

Kind Regards,



Eric Moeller  
Sales Manager – Grace Specialty Vermiculite

Cc: Chron/ B Colbert